

61-114

SECRET

7 JULY 1960

MEMORANDUM FOR: COMPTROLLER

SUBJECT : SOURCE MATERIAL FOR SPEECHES ON OFFICE OF THE DD/S

REFERENCE : MEMORANDUM TO MR. SAUNDERS FROM DD/S DATED 24 JUNE 1960

FOLLOWING ARE THE ANSWERS TO THE QUESTIONS ASKED IN REFERENCE MEMORANDUM:

QUESTION A

1. THE INDUSTRIAL CONTRACT AUDIT DIVISION IS A MEMBER OF THE PROCUREMENT TEAM WHICH ATTEMPTS TO PROCURE THE BEST GOODS AND SERVICES FOR THE AGENCY AT THE MOST REASONABLE PRICES WITH EQUITY TO BOTH THE CONTRACTOR AND THE AGENCY. IN ORDER TO RETAIN THE INDEPENDENCE NECESSARY TO PERFORM THE AUDIT FUNCTION, THE DIVISION IS ORGANIZATIONALLY A PART OF THE OFFICE OF THE COMPTROLLER.

2. THE INDUSTRIAL CONTRACT AUDIT DIVISION -

A. PERFORMS FIELD SURVEYS OF CONTRACTORS' INTERNAL CONTROLS AND ACCOUNTING PRACTICES TO DETERMINE THE EXTENT TO WHICH RELIANCE MAY BE PLACED UPON THE CONTRACTORS' CONTRACT COST DETERMINATIONS AND THE FINANCIAL CAPABILITY OF THE CONTRACTOR TO PERFORM THE CONTRACT.

B. REVIEWS FINANCIAL AND COST DATA SUBMITTED BY CONTRACTORS IN CONNECTION WITH CONTRACT PROPOSALS AND RENDERS ACCOUNTING COUNSEL TO CONTRACTING OFFICERS, UPON REQUEST, IN CONNECTION WITH CONTRACT NEGOTIATIONS.

C. PERFORMS OFFICE REVIEW OF VOUCHERS AND INVOICES SUBMITTED BY CONTRACTORS FOR PAYMENT AND MAINTAINS CONTROL RECORDS BY CONTRACT OF CLAIMS, WITHHOLDINGS, AUDIT ADJUSTMENTS AND AMOUNTS PAID ON CONTRACTS.

D. PERFORMS FIELD AUDITS OF ALL COST-TYPE CONTRACTS AND FIXED-PRICE CONTRACTS CONTAINING PRICE REDETERMINATION CLAUSES AND RENDERS ACCOUNTING COUNSEL TO CONTRACTING OFFICERS AS REQUESTED IN CONNECTION WITH THE SETTLEMENT OF CONTRACTS.

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QUESTION B

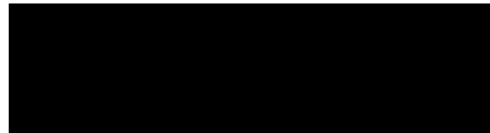
THE MOST STRESS SHOULD BE PLACED ON PARAGRAPH 1 ABOVE.

QUESTION C

IF THE DIVISION IS DISCUSSED AT ALL, IT SHOULD BE EMPHASIZED THAT OUR
AIM IS TO ACHIEVE EQUITY TO BOTH THE CONTRACTOR AND THE AGENCY.

QUESTION D

I KNOW OF NO ADDITIONAL POINTS WHICH NEED TO BE COVERED.



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ACTING CHIEF
INDUSTRIAL CONTRACT AUDIT DIVISION

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